

MINUTES

(Subject to approval by the committee)

NATIONAL FOREST SYSTEM/WOODY BIOMASS INTERIM COMMITTEE

CAPITOL ANNEX (OLD ADA COUNTY COURTHOUSE)
WEST CONFERENCE ROOM 117
514 WEST JEFFERSON STREET
BOISE, IDAHO

September 12, 2007

The meeting was called to order at 9:04 a.m. by Co-chair Representative Joyce Broadsword. Other committee members present were Co-chair Representative Ken Roberts; President Pro Tem Robert Geddes; Senator Clint Stennett; Representative Wendy Jaquet and Representative George Saylor. Senator Edgar Malepeai and House Speaker Lawrence Denney were absent and excused. Staff members present were Paige Alan Parker and Jennifer O’Kief.

Others present included: Jay O’Laughlin, Ph.D., University of Idaho; Martin Bauer, Idaho Department of Environmental Quality; Jerry Thompson, Dale Kanen, Mike Dudley, Andy Brunelle and Dick Smith, U.S. Forest Service (USFS); Jon Cantamessa, Shoshone County Commissioner; Don Pischner, Coeur d’Alene Chamber of Commerce, Forestry Coalition; Morris Huffman, Sage Community Resource Biomass Coordinator; Jane Wittmeyer, Idaho Forest Association (IFA); Sharon Burke, Idaho Association of Counties; Mike Sterling, Parma Post and Pole, Inc.; Bill Brown, Adams County Commissioner; Pete Johnston, Idaho Fuels for Schools; Beth Markley, Idaho Council on Industry and the Environment; Brad Smith, Idaho Conservation League; and Ray Houston, Legislative Services Office.

Senator Broadsword moved the approval of the minutes of August 7, 2007 and August 8, 2007 to the end of the meeting. The attendees were invited to introduce themselves.

Dr. Jay O’Laughlin, University of Idaho, College of Natural Resources, was the first speaker. He reviewed the main points from the prior meeting of August 7, 2007: there were many communities in the state that are interested in biomass; most of the biomass is on National Forest Service lands; the forest growing stock can be an asset or a liability; and there are policy barriers that can be overcome by effective communication and collaboration among stakeholders and by taking a risk management approach. He referred to four documents that had been provided to the members: 1) A PowerPoint Presentation entitled, “Idaho Forest Facts and Forestry Issues;” 2) “Issue Brief No. 10, Timber Harvests and Receipts from National Forest System Lands in Idaho;” 3) “Planning Approach for Reducing Wildfire Risks on Federal Lands;” and 4) a document pertaining to Idaho’s role in Forest Service planning. Copies are available from the Legislative Services Office.

Dr. O’Laughlin, responding to a question that had been raised in the prior meeting, explained that HCR 26 mandated that the Interim Committee address only lands that do not have “special designations.” He

explained that one way to interpret this mandate is to consider the Congressional “special designations:” the National Forest Wilderness Areas, almost 4 million acres; the National Wild & Scenic River Areas, about 159,000 acres; and the National Recreation Areas, specifically Hells Canyon and the Sawtooth National Recreational Area (SNRA), about 866,000 acres. Together these “special designation” areas make up about one-fourth of the National Forest Lands in Idaho. **Senator Stennett** asked what direction the committee would take if the charge was not to deal with the SNRA. **Dr. O’Laughlin** suggested that interim committees in the past have taken it upon themselves to refine the scope of their charge.

Dr. O’Laughlin referred to a graph that illustrated a comparison of receipts from National Forest Service timber sales and Idaho Department of Lands (IDL). He noted that since 1989, IDL has received more revenue for its timber than the Forest Service. In response to **Senator Broadsword**, **Dr. O’Laughlin** suggested that the quality of the timber and the specifications in timber sales are the reasons. In response to **Representative Roberts**, he explained that these were gross revenues. In response to **Senator Stennett’s** question regarding the spike in the value of harvest between 1982 and 1994, he explained that there were large fires in both the Boise and Payette National Forests and a lot of large ponderosa pines were harvested during that period that drew a premium in the market.

Dr. O’Laughlin gave a breakdown of the Idaho forest inventory data for 2006. He said that there were approximately 16.7 million acres of timberlands in Idaho. The Forest Service has 82% of the growing stock, and 72% of the land. Net growth in the National Forest is about 59%, mortality is 85%, removals are about 10% and wood increment, which is net growth plus mortality is 89%. He noted that the growing stock volume has increased since 1953 and that mortality has increased in the last two decades. The dead volume of wood has increased over time and is currently at 12% of the total. He further noted that there is more dead wood in the forests now than ever in history. In response to a question from **Senator Broadsword**, **Dr. O’Laughlin** said that the annualized mortality rate is included in the 12% dead volume. **Dr. O’Laughlin** clarified for **Representative Saylor** that if some of the dead material is removed, it would be counted in the removals which are primarily harvests.

Representative Roberts asked whether the IDL became more aggressive at production in order to keep the mills running as the Forest Service started to taper off its sales. **Dr. O’Laughlin**, referring to a Idaho Timber Harvest by Ownership from 1947 to 2006 graph, commented that there was not a big increase from IDL. He added that IDL has been practicing sustained yield timber management for decades. He said that the annual cut is up about 15%. In response to a question from **Senator Stennett**, **Dr. O’Laughlin** said that the factors that contribute to the mortality of dead wood are insects, diseases and fire, which will probably increase in the future.

Responding to a question regarding when the Forest Service ceased to be a net revenue of timber sales, **Dr. O’Laughlin** said that the Forest Service has argued over the years that, at one time, its timber program produced more revenue than cost. However, a paper by Robert Wolf of the Congressional Research Service, argues that the Forest Service has never demonstrated that its timber program had brought in more receipts than it cost to produce the timber. According to Mr. Wolf, the main reason is “the chronic failure to account fully for all program costs.”

Senator Broadsword commented that the Forest Service, in the past, did not receive a federal

appropriation because the timber receipts covered most of its costs, whereas now it receives a large appropriation. **Dr. O'Laughlin** said that the major change is the decline in the timber harvest. Since the 1990's, the agency has gone from 40,000 to 30,000 employees and the timber program has been affected as has every other program in the Forest Service. **Jane Wittmeyer, IFA**, asked what part the increased litigation cost in the 1980's and 1990's and whether that built into the cost of doing business. **Dr. O'Laughlin** said he did believe that the litigation costs were part of the doing business costs in the timber program and was a good reason why, since the late 80's and early 90's, costs have exceeded revenues.

Representative Jaquet asked what percentage of the appropriation was for recreation rather than timber. **Dr. O'Laughlin** explained that there was a time when recreation appropriations were very low because the timber was saddled with the recreation costs. This has been a long-standing cost accounting issue that no one has really ever satisfactorily sorted out. **Don Pischner**, CDA Chamber of Commerce, Forestry Coalition, stated that while working on the stewardship program, he discovered that the Forest Service costs are hugely inflated; for example, the costs of reforestation are three times the cost of what a private contractor would charge. **Dr. O'Laughlin** agreed that his observation was no doubt true and added that making a profit has never been the mission of the Forest Service.

Dr. O'Laughlin referred to the document entitled, "Planning Approach for Reducing Wildfire Risks on Federal Lands," which needs to be fitted into the Forest Service's processes. The ten national forests in Idaho, each with about 2 million acres, has a forest plan. Forest Service managers design projects which have to go through the approval of the National Environmental Policy Act (NEPA) process, including public comment. **Dr. O'Laughlin** acknowledged to **Senator Broadsword** that he had presented this planning approach draft to management teams for the Clearwater and Boise National Forests and to the Wild Land Fire Leadership Council and acknowledged to **Representative Saylor** that ecosystem health is incorporated into the planning process. He added that a risk-based approach needs to be built into the decision-making process.

Dr. O'Laughlin said that out of 8 million acres of high and moderate risk land, the Forest Service has been treating an average of 162,000 acres per year since 2003. At that rate, the Forest Service cannot keep up. **Dr. O'Laughlin** commented that the "stars are aligned," quoting the Director of the Oregon Nature Conservancy who said that treatments need to be increased three to five times the current levels.

Dr. O'Laughlin recommended that the role of Idaho might include creating a forum for discussion, participating in the long-term planning process on the federal level, coordinating on a long-term yield plan and providing for coordination by one individual or agency without other responsibilities. In response to **Senator Stennett** regarding where in the bureaucracy that individual or agency might be placed, **Dr. O'Laughlin** replied that there is no good answer and commented that Oregon has a Board of Forestry. He stated that he is working on an issue brief on "Renewable Portfolio Standards" that Idaho may want to consider. He is also working on a woody biomass utilization feasibility study template for regions in the state that are interested in using woody biomass for economic development, energy potential, other products, etc.

Senator Stennett asked about the value of putting the same effort into ethanol energy. **Dr. O'Laughlin**

referred back to the “Billion Ton Report” that indicated about one-third of our fuels could come from agriculture and forestry with one-third of that coming from the forest. Based on the “Billion Ton Report,” 10% to 15% of our energy needs could be met by forest biomass. In response to **Senator Broadsword’s** observation that about 11% of the usage could come from biofuels, **Dr. O’Laughlin** said that was fairly accurate and that he would provide accurate figures for the committee.

Representative Sayler asked about the nutrient value of biomass that is taken out of the forests. **Dr. O’Laughlin** replied that the health of the forest depends on the soil. Under the stewardship contracts, the answer was that the branches and needles are left on the ground for a year in order to put nutrients back into the soil and then piled and burned a year later to reduce fire hazard. He believes in the future, there will be less burning and the material will be removed from the forests. He said that it may be more cost effective to fertilize the forests by using helicopters. **Representative Jaquet** asked about a portable biomass electrical plant that could be wheeled in and out of the forest. **Dr. O’Laughlin** said that the technology is there, but the issue is economic.

Martin Bauer, Air Administrator for the Idaho Department of Environmental Quality (DEQ), was the next speaker. He provided a handout entitled, “Fuels for Schools Air Quality Issues.” He said that the Fuels for Schools Program replaces expensive fuels with cheaper fuels while helping the forest. When a school wants to install a wood fire boiler, there are separate permit processes: a construction permit for a new unit and for an operating permit for an existing unit. **Mr. Bauer** explained that to obtain the permit, the source must submit an analysis that includes criteria pollutants such as particulates, carbon monoxide, oxides of nitrogen and sulfur. The source must also show compliance through monitoring, recording and reporting. The DEQ will issue the permit if the unit is in compliance with the rules.

DEQ has issued two permits in Idaho, one in Council and one in Kellogg. In Council, the issue was formaldehyde. Source testing came back better than expected; the carbon dioxide levels were low and the formaldehyde levels were very low. This indicated that Council has a very clean burning unit despite having a single fired chamber. Wallace was able to “piggy-back” on the Council data.

Mr. Bauer stated DEQ promulgates rules to assure good combustion practices. He said that dual-fired chambers are favored since they burn very clean. Training is a huge factor and if the individual who is running the unit is trained properly, the unit has a greater potential to run clean. **Representative Jaquet** asked what the additional cost would be to have a dual-fired chamber. **Mr. Bauer** said that the requirement of a second fuel source for the second chamber, generally natural gas or propane, is one additional cost. Again responding to **Representative Jaquet**, **Mr. Bauer** said that DEQ does not provide training, but the unit manufacturer may provide training that would vary with every unit.

In response to **Representative Jaquet**, **Mr. Bauer** said that state standards are used for monitoring toxic air pollutants while federal standards are used for pollutants, such as particulates, carbon monoxide, etc. **Representative Roberts** asked if the state standards are more or less stringent than the federal standards. **Mr. Bauer** said that the federal government promulgates regulations for hazardous air pollution emissions on a national level. The EPA directs the states to handle their own specific issues. The state toxic air pollutant standards handle nonfederally regulated standards.

Representative Roberts asked about the efficiency of biomass plants. **Mr. Bauer** said that a natural gas boiler will be rated on how many BTU's are generated out of every cubic foot of fuel but that biomass burners are harder to rate due to fuel inconsistency due to the type of wood and whether it is dry or wet. The best wood burning plants are about 70% efficient.

Representative Stennett asked about the consideration of installing real-time air quality monitors in Kellogg and Council. **Mr. Bauer** said that he believed Kellogg has monitors because of their valley structure and inversion issues, but Council does not. He said the budget for DEQ for next year includes three portable sources that are satellite link-ups. This type of unit could be moved to whatever site in the state that is in need of air quality monitoring. **Senator Stennett** commented that if we are going to go down this road, should we install air quality monitors in the communities where these facilities are being installed so the residents can track the air quality. **Mr. Bauer** said that the EPA dictates where they put these monitors based on the federal program. Council would not be one of those for various reasons.

In response to **Representative Saylor** regarding various waste burning systems, **Mr. Bauer** said that the emissions will be different depending on the size of the unit. The Fuels for Schools units, such as the one in Council, are very small.

Senator Broadsword, referring to the fact that the Council boiler test results were surprisingly good, suggested that perhaps monitoring is not necessary. **Mr. Bauer** explained that these units are very small and are basically wood fired stoves. He said that a potential problem with these units would be if there is an air inversion. The DEQ wouldn't want to have to tell the school to shut down the unit. **Senator Broadsword** commented that if this biomass material is being burned in a system that has filters, etc., then, in her opinion, it would be less polluting than if that material were being left on the forest floor and burned or caused forest fires. She stated, "We are burning the same material, just in a different way."

Pete Johnston, Idaho Fuels for Schools, commented that Council worked hard to get its burner to burn efficiently. He suggested that DEQ could build on the Council experience by compiling the data and problems that Council encountered and provide them to other counties. He stated that the Council school hired a trained individual to manage its burner which should be a requirement for areas with similar programs. **Mr. Bauer** said that DEQ has put together a checklist for others as they submit their applications. He said that DEQ could require that a qualified and trained person be hired as part of the permit, allowing the school the flexibility of training a member of its staff. **Senator Broadsword** added that Kellogg had also hired someone specifically for its system. **Bill Brown, Adams County Commissioner**, said that it is common sense to burn wood waste in a boiler rather than in a wildfire. He noted that the Fuels for Schools programs are generally located in rural communities which do not have the air quality issues that exist in the Boise Valley.

Representative Roberts asked what kind of data has been received from the monitoring station in McCall, specifically formaldehyde, particulates, CO₂, carbon monoxide and arsenic levels in Valley County and downwind across the country. **Mr. Bauer** said the monitoring system in McCall only monitors particulates, such as smoke. The more sophisticated type of monitor is very expensive. There are only two such units in the state, both in the Treasure Valley, and are used mainly for monitoring car combustion engines, etc. Federal funding requires that these units be placed in urban areas and are not

portable. Regarding the downwind issue, the DEQ has been working with the Forest Service and IDL to try to curtail some of the prescribed burning that is affecting the state of Montana. **Representative Roberts** asked that given Montana has a more sophisticated monitoring system, what specifically is happening downwind pertaining to formaldehyde, CO₂ and arsenic levels, etc. due to smoke from the Idaho fires. **Mr. Bauer** said that he did not have the data, but he would research Montana's system and try to provide more data. **Representative Roberts** commented it is important for people to know what is in the smoke that they are breathing.

Pro Tem Geddes asked if schools need to install a dual boiler system in newly constructed schools. **Mr. Bauer** said that an applicability study would determine if a permit was needed. **Pro Tem Geddes** asked whether schools that are working on alternative type heating systems would have to go through a committee-type process to install a woodchip burner. **Mr. Bauer** said that they would, but that the Council and Kellogg precedents have made the process easier. **Pro Tem Geddes** asked if variability of wood in various regions of the state would impact the permit process for biomass burners. **Mr. Bauer** said that since the source test in Council came out so well, most likely not. The time frame to process and issue a permit has been reduced from about 200-300 days to about 50-60 days.

Pro Tem Geddes asked if DEQ normally requires an emission source to monitor its own emissions regardless of the expense. **Mr. Bauer** said not in every case, "you kind of have to weigh the bang for the buck." A one-time source test is the least expensive way to do that. If the source test comes out high, more monitoring will be required, including in-stack pollutant monitoring, which is what an industrial source would probably require. It all depends on how big the source is, how close to the standard it is and what area it is in. The procedure is to monitor the least expensive thing that provides the most information, such as temperature and retention time in the secondary chamber. These will give a very good indication of how efficiently a unit is running without having to add thousands of dollars of in-stack monitoring. He said that small sources don't warrant extensive monitoring. **Pro Tem Geddes** asked whether large woodchip burning sources such as the University of Idaho are required to monitor. **Mr. Bauer** said that more monitoring is required at the University of Idaho as well as at Idaho State University. He said that the universities use monitoring as an educational project for combustion processes, etc.

Representative Jaquet asked if the DEQ permits require 100% forest wood be burned rather than garbage, construction debris or urban wood waste. **Mr. Bauer** said that nonforest woody biomass fuel source burning would have to be monitored in order to determine what toxic air pollutants were involved in the mix.

Jerry Thompson, USFS, the next speaker, is the stewardship coordinator for the Northern Region, which includes three national forests north of the Salmon River. His PowerPoint Presentation is available from the Legislative Services Office. He said that in February 2003, Congress gave the Forest Service and the BLM authority to enter into stewardship contracts up to 2013. He explained that stewardship contracting is a mechanism for managing Forest Service and BLM lands. It requires collaboration with local communities and the trading of goods for services. Under stewardship contracting, the national forest that generates receipts can use that revenue to do service work on the ground such as forest restoration.

Representative Roberts asked if any of those revenues go back to the counties or schools. **Mr. Thompson** said that, currently, the revenues generated do not directly go back to the county as under the 25% rule. **Mr. Thompson**, responding to **Representative Robert's** question, said that this is an administrative decision and that nothing under the law would prevent that from happening. Under the law, the receipts must stay in the local community. **Senator Broadsword** asked what was the total value of stewardship contracts in Idaho. **Mr. Thompson** said in Northern Idaho and Montana, \$8.5 million in timber revenue has been generated and \$6.5 million has been spent towards restoration work. He said that about 20% of that would stay in Idaho. The southern region would probably have similar numbers.

Commissioner Brown asked what the difference was between stewardship contracting and the RACs, which is more broad based and which gives the moneys back to the counties? **Mr. Thompson** said that Title II of Craig-Wyden Secure Rural Schools and Community Self-Determination Act allows the expenditure of appropriated funds through the RACs. Stewardship contracting revenues come directly from the sale of timber and the contract specifies projects to be funded. **Commissioner Brown** commented that historically 25% of Forest Service timber receipts have gone to the county for disbursement, but now the RAC committees determine the disbursement. The feeling is that the Craig-Wyden moneys belong to the Forest Service while the 25% receipts were viewed as belonging to the communities. **Mr. Thompson** said that some of the RAC projects have supplemented the stewardship contracting projects.

Mr. Thompson explained that stewardship contracting uses an independent third party to monitor projects to determine whether the stewardship contract worked as planned. The goals include road and trail maintenance, fish and wildlife improvements, prescribed fire, hazardous fuel reduction work and watershed restoration. Stewardship contracting is different from traditional timber sales. For example, price accounts for about 50% of the criteria in awarding the contract. Other criteria in awarding stewardship contracts include the utilization of the local work force and past performance.

Pro Tem Geddes asked whether the same contractor who does the harvest also does the service component of the stewardship contract. **Mr. Thompson** said that, generally speaking, the prime contractor is a traditional timber purchaser who could probably do revegetation work but would subcontract the service work to a qualified contractor.

Stewardship contracts can, in theory, be extended to 10 years. Such 10 year contracts would help address the timber supply issue. However, other laws such as NEPA, need to be addressed. Environmental impact statements under NEPA do not have a 10 year life. Also legal challenges inhibit the use of 10 year contracts.

Representative Saylor asked how excess revenue is allocated. **Mr. Thompson** said that if the project revenue is higher than anticipated, the excess money is held in a suspense account for retained receipts and turned over into another stewardship project for forest restoration. The excess revenue is not used for Forest Service overhead. In response to a question from **Representative Saylor**, **Mr. Thompson** said that sometimes the Forest Service intentionally creates excess revenues with the view of using it in specified restoration projects.

Representative Saylor inquired as to the potential for more stewardship contracting in Idaho. **Mr. Thompson** explained that there is great potential for generating more stewardship contracts by informing the public of its benefits and getting the community involved. Stewardship contracting increases the centers of profitability for contractors since both the value of the timber and the service work are subject to bid. Rather than direct payment to the contractor for the service work, the contractor earns stewardship credit.

Brad Smith, Idaho Conservation League, asked whether Congress will reauthorize the program in 2013. **Mr. Thompson** could not predict what Congress might do but noted that, after a slow start, the utilization of stewardship contracting is on the rise.

Mike Sterling, Parma Post and Pole, Inc., shared with the Task Force his thoughts on how stewardship contracting has affected his business. Parma Post and Pole is a second generation company that started in 1982. This year, the company has sold wood to Hawaii, Florida and Japan. His company is currently running about 400 loads of small diameter lodgepole and ponderosa pine per year. Ninety percent of that is coming out of the forests in Eastern Oregon, but he is looking for more product out of the Idaho forests. The company received a \$245,180 grant from the Forest Products Lab in April, 2007, which the company matched with \$190,000 of its own funds, to purchase additional equipment that will increase annual sales by about 15%. The market for post and poles is strong. He commented that the Oregon forests are “ahead of the game” by requiring a lot of small wood be removed from the forest. There is a lot of competition and mill capacity. He said that the focus of his company is increasingly moving toward the Idaho forests. He is buying from the Sawtooth Basin and looking into other areas. The Idaho Department of Lands is helping by requiring greater removal of forest product.

Senator Stennett asked if it would be feasible to locate another facility in the Sawtooth Basin. **Mr. Sterling** said that would not be feasible because they can more efficiently operate with the type of sophisticated equipment they have to gather the wood, as well as what they use in their plant, as opposed to a less sophisticated and more hands-on approach in the Basin.

Jane Wittmeyer responded to a question from **Representative Jaquet** by saying that the mill in Grangeville does not work with post and poles but uses small diameter wood in a high volume to produce dimension lumber. **Mr. Johnston** commented that the forests are beginning to require the removal of material other than sawlogs. He suggested creating incentives that would encourage schools and public buildings to use biomass systems. That would push the thinking beyond sawlogs and start addressing the supply issue.

Dale Kanen, Tribal Relations Specialist, USFS, was the next speaker. His PowerPoint Presentation entitled “Tribal Forest Protection Act of 2004 (TFPA)” is available at the Legislative Services Office. The Tribal Forest Protection Act was passed in 2004 following the devastating wildfire season in 2003. The Act applies to Federal Service and BLM lands and requires that the lands border or be adjacent to tribal lands which are not under an existing contract, pose a threat or are in need of restoration, have unique features or circumstances and are in a trust or restricted status. He explained that the Nez Perce Tribe is interested in seeing the national forest lands restored in the Myrtle Creek area because of watershed concerns.

Mr. Kanen explained that an award under the Act must be on a “best value” basis and noted that knowledge and skills of land management are also considered in the computation of best value. The Act gives a tribe a sole source contracting opportunity which may be implemented through stewardship contracts as well as hard money contracts. The Act has highly discretionary language that assists in determining whether to approve or not approve a proposal.

Senator Broadsword asked if the tribes have to comply with NEPA, ESA, and other public laws that apply to the Forest Service and the public. **Mr. Kanen** answered in the affirmative. He noted that the Mescalero Apache and Lincoln National Forest have entered a six-year stewardship contract that could potentially result in over 20 million board feet of commercial harvest. Another contract has been entered between the Olympic National Forest and Quinault Indian Nation with the Nation assuming operation of the sewage treatment plant. **Senator Broadsword** asked how a sewage treatment plant was included in hazardous fuels removal. **Mr. Kanen** said that the condition for a contract to be awarded is whether the National Forest lands pose a threat or there is a need for restoration.

Senator Broadsword, referring to the Warm Springs Reservation project, asked who would be the beneficiary of the 80,000 bone dry tons of woody biomass material that is to be generated. The answer was that the Warm Springs Reservation has recently received a \$5 million grant from DOE for a co-generation electrical facility at the Reservation’s sawmill and kiln. **Senator Stennett** asked whether the Warm Springs Reservation had an electrical sell contract with the local utility. **Mr. Kanen** did not know.

Mr. Kanen said that the Affiliated Tribes of Northwest Indians recently hosted an energy symposium in Spokane, Washington, in which the Warm Springs Tribe was very involved. **Representative Jaquet** asked if he would provide some information, including contacts for the presenters. He said that he would submit that information to Paige Parker.

Mike Dudley, USFS, was the next speaker. **Mr. Dudley** gave an update on the current situation of fires in the state. He explained how the Energy Release Component (ERC) functions. Each forest maintains records for the ERC, which is an indicator of dryness conditions in the forest. He said that the ERC is based on fuel conditions, is not susceptible to quick changes in the weather and thus serves as a long-term indicator of the conditions. Fires started burning this year one month earlier than usual. He said that two major lightning events came through Idaho on July 7 and August 13 that were responsible for generating most of the resulting fire activity in the area. Ninety-eight percent of the initial attacks on the fires were successful. The Forest Service believes that the wildfire threat will continue into September. Because of the numerous fires, resources had to be prioritized within the region as threats such as the Castle Creek and Chief Parish fires that threatened population centers.

In response to **Senator Broadsword’s** question, there were over 200 confirmed lightning strikes across Central Idaho. He referred to the Motis map displaying pictures taken from the Nassau satellite that indicated current burns and the scale of burn.

Mr. Dudley said that a computer probability model, based on twenty plus years of fire history, fuel conditions and wind factors, is used to predict the spread of a fire. This computer program was developed out of the Rocky Mountain Research Station. Using this model, limited resources can be

concentrated on point protection. Control of fire fighting efforts in the three central Idaho national forests (Boise, Payette and Salmon-Challis) has been placed under one command. He said that, currently, almost 900,000 acres have burned in these forests: 38% burned in the wilderness area, primarily the Frank Church Wilderness; 44% burned in the roadless areas out of the general forests; 18% or 151,000 acres have burned outside general forests. He commended the community support and interagency cooperation. At any given time there were people from every state in the union. Fire departments from Georgia and New York City committed resources. **Senator Stennett** commented that the Castle Creek fire effort witnessed great support and cooperation between all levels. **Representative Jaquet** commented that the forest treatment in the Warm Springs area seemed to help.

Mr. Dudley stated that over the last twenty years, major fire seasons are becoming more of the norm. Data from 1930 to 2003 for the intermountain region demonstrates an increase in the number of acres burned starting in the 1980s. The prediction is for a warm winter which would create dangerous conditions for the 2008 fire season.

Mr. Brown stated that he supported a change in Forest Service policy towards active forest management to take the materials out of the forest. **Mr. Dudley** stated that a good percentage of the current fires are in wilderness and roadless areas. However, the Forest Service is trying to do more work on the ground.

Representative Roberts asked what the turnaround time was for an area to reburn. He referred to the Blackwell fire in the McCall area in 1994 that burned about 200,000 acres. **Mr. Dudley** said that normally prior burns are considered a good defense mechanism. However, this year any burn that was older than three years wasn't doing much in terms of slowing down under the current extreme burning conditions.

Senator Broadsword asked if the Blackwell fire had been salvaged. **Dick Smith, the supervisor of the Boise National Forest**, replied that it had not, but noted that the Southfork fire, which was salvaged in 2003, had the same extreme burning situation. **Senator Broadsword** asked if it had burned in 2003 and they were just cleaning it up in 2007. **Mr. Smith** said that was correct, adding that the timber was sold in 2004, but that the contractor did not access the material until 2007.

Representative Roberts asked what plans are underway at this point in time regarding salvage. **Mr. Smith** said that the Boise National Forest Plan would identify the areas that are suitable for commercial salvage. The forest managers are looking for salvage opportunities in the commercial timber base and along major road corridors. **Representative Roberts** asked what the litigation horizon looks like. **Mr. Smith** said that the litigation potential goes up dramatically when they start salvaging in the roadless areas. He commented that it doesn't do any good to salvage the material five years from now. If salvaging is going to be done, it needs to be done as early as possible when that material still has market value.

Mr. Smith used photographs to show the fire activity on the Forest Service ground in the Warm Lake area, after thinning and other treatment protections were taken. There were no structures lost in Warm Lake, Yellow Pine, Warren or Secesh. **Senator Stennett** asked what they did with the timber residues after they treated the area. **Mr. Smith** stated that where the materials were considered generally poor, some post and pole material was removed and the bulk of the rest was piled and burned. Where the materials were commercially viable, they were logged.

Senator Stennett asked what was the source of the money for thinning in the interface zone. **Mr. Smith** said that there is not enough money to do all of the work that is needed out there, but they were fortunate to get funding for this project over a five-year period. Stewardship contracting can be used where there is commercially viable timber. If there was a better biomass market, more could be done. **Senator Broadsword** suggested that had that whole piece been put together, the merchantable might have helped pay for the nonmerchantable.

Senator Broadsword asked whether there would have been a savings if the money that was spent to fight the fires per acre was spent treating those same acres. **Mr. Smith** said, “a lot.” **Senator Broadsword** commented that maybe it is time to consider the cost/benefit of treating these areas so that there would be less smoke in the air and less fire danger.

Representative Jaquet asked if there were current discussions going on in Washington, D.C. to consider this cost/benefit and to rethink the way of the current approach. **Mr. Dudley** said that the OMB has criticized the Forest Service for the amount of money it takes to suppress these fires. Most of the focus in Washington, D.C. is on trying to control the costs of wildland fire. He added that there is a consensus at the national level that if the fuel treatment work can be done ahead of time, the cost of wildland suppression should be reduced. **Mr. Smith** shared that the federal land fire policy was refocused due to the fires that have burned in Idaho, Oregon and Washington in 2000, which resulted in funding for treatment of specific areas. He added that in the federal funding mix, there is a limited supply of funding, and when the Forest Service runs out of suppression dollars, money must come from other programs such as trail maintenance, reforestation projects, etc. **Representative Jaquet** commented that this is one of the issues that the Interim Committee should address. She mentioned the importance of educating people in the communities about fire protection, as well as working on fuel reduction.

Mr. Johnston commented that there is a mechanism within Idaho where each county puts together a fire mitigation plan for the purpose of completing the work prior to the fire. Adams County has an excellent plan that identifies the communities that are in need of this kind of treatment. After being identified, the communities can approach the state for funds. He said that, in his opinion, Valley County, where Tamarack sits, does not have a good plan. The counties should be spurred to develop fire mitigation plans.

Senator Stennett asked whether there was a way under the NEPA plan to incorporate the new fire reality so that litigation doesn’t come “hammering down.” **Mr. Dudley** said that they still operate under NEPA; however, they have shown that they can accomplish projects without much of a problem. **Senator Stennett**, referring to the Castle Rock fire, witnessed a situation where there was contradictory information on whether the Forest Service would protect private structures. He asked if protocols could be put in place to get a Federal Emergency Management Agency (FEMA) grant that would address this issue. **Mr. Dudley** said that this should have been accomplished within 24 hours if the correct procedures had been followed. From his perspective, there is a need to get together this winter and smooth out that process. He said that eminent threat to a community is all that is necessary to file for a FEMA grant. **Senator Stennett** stated that it is important for the Idaho Bureau of Homeland Security, IDL and the Governor’s Office get on the same page.

Jon Cantamessa, Shoshone County Commissioner and the chairman of the Association of Idaho

Counties Public Lands Committee, was the next speaker. **Mr. Cantamessa's** topic was county, state and federal cooperation on woody biomass issues. He stated that state grants became available after 2000 that enabled local communities to tackle fire situations. Shoshone County has been in a depressed condition with falling land values and increasing unemployment. People in Shoshone County still remember the 1910 fire. The county took advantage of the state grant and completed the county fire plan on September 30, 2002. The process involved putting together a group that included the Forest Service, BLM and IDL with monthly meetings. They decided at their first organizational meeting that the county would assume the leadership role. He believes that was one of the reasons for its success. Also key was the support that the Forest Service managers had up the line. When conflict arose, the county was able to be the mediator. There was give and take by all. This group still meets every few months. An individual has been hired to implement the fire plan. This type of organizational structure could be used to develop woody biomass. **Mr. Cantamessa** said that he believes there is an unlimited supply of biomass out there, but questions the commitment to get to the biomass to make this work.

Senator Broadsword asked for a brief synopsis of what the Craig-Wyden funds mean to Shoshone County. **Mr. Cantamessa** explained that Shoshone County is the No. 2 recipient in the state for those funds. He said that in 2006, the county received \$4.3 million in Craig-Wyden funds and about \$2.2 million of those funds went to school districts. He noted that 74% of Shoshone County is owned by the federal government which drastically affects the ability of the county to get property tax revenues. He thinks that biomass is a partial solution which could be generated through thinning the merchantable timber. He noted that the forests in Shoshone County are not the native forest of 1900.

Representative Jaquet, referring to the cities that were involved with the fire planning, asked if their specific requests were specific or more general. **Mr. Cantamessa** replied that they were more general, and aimed at the urban interface thinning. He said they had produced a brochure promoting protection precautions for surrounding the home, etc.

Representative Roberts asked about the species and volume of trees that have matured since the fire of 1910 and what that means for potential future fire danger. **Mr. Cantamessa** said that the post 1910 trees are now 100 years old and will begin to die, creating a big fire danger. Some lodgepole trees are being logged currently. There is a huge amount of dead timber in the forests of North Idaho and Western Montana, due to disease, insects and other factors.

Representative Roberts asked how much of those 600,000 acres that burned in 1910 were on roaded fronts that was previously harvested. **Mr. Cantamessa** did not have an exact number but replied that there are very few real roadless areas in Shoshone County, although some areas may be classified as roadless. He said the county was heavily logged in the late 19th Century and most of the 1900's.

Representative Roberts stated the Interim Committee's two charges were the issue of biomass and looking at ways of trying to stabilize funding for rural counties and schools. The latter can come from long-term appropriations or in the form of more progressive management of forest land that would produce revenues through the 25% forest harvest revenue sharing. He asked what can be done to help facilitate the stewardship program or to change federal land management to help accomplish the long-term goal. **Mr. Cantamessa** said that if the Legislature believes that active forest management is the direction Idaho should go, he believes the federal agencies and the IDL will be very supportive. He said

that, unfortunately, there are four very aggressive environmental organizations which are intent on stopping even the most reasonable attempts to manage forests lands.

Representative Roberts referred to a quote from the Nature Conservancy of Oregon made earlier that treatments needed to be increased three to five times the current levels. He said that the vision that he has for this interim committee is to try to bring the counties, schools and the state together for policy change in at least some portions of Idaho. It may be done by a stewardship contract where active management can occur in an environmentally friendly, balanced way so that revenues could be generated for schools and provide jobs. **Mr. Cantamessa** commented that the Nature Conservancy is a fairly reasonable organization. However, there are two organizations in his region that have repeatedly stated that they will not support cutting one single tree.

Representative Saylor asked the cost to implement the Shoshone County fire plan. **Mr. Cantamessa** did not have those exact figures, but estimated that the grant moneys to implement the plan was at a little less than \$1 million. The cost to produce the plan was about \$50,000. **Senator Broadsword** interjected that the county had GIS mapping done as part of the plan.

Mr. Johnston asked how the biomass burner was financed and how community support was gathered for that project. **Mr. Cantamessa** said that a bond was supported by the community which included funds to upgrade the high school. He said that Kellogg tends to be a very supportive community for their schools so it was not a tough sell.

Senator Broadsword asked if the fuel cost savings were anticipated to be 50%. **Mr. Cantamessa** said that it looks pretty favorable.

Commissioner Brown said that the 25% receipt funds are not part of the stewardship program. **Mr. Kenan** said that was correct but there was no legal language that prohibits those receipts being included in the stewardship contract. **Mr. Brown** said that last year the Craig-Wyden payments were six times the 25% receipts. He added that if Craig-Wyden funding is lost, Shoshone County will not be able to raise enough property tax to support its infrastructure and jobs.

Jerry Thompson said that if all of the receipts from timber revenue from the Northern Region were put into the 25% fund, the amount still would not approach the Craig-Wyden funding. Mr. Thompson commented that he was not sure how much life was left in the 25% receipt program as a funding source. **Representative Roberts** commented that had the harvest and management been maintained at some sort of a stable level, the 25% of dollars would still be important. The question is, are we comfortable with continuing to allow the revenues to be burned or do we want to change policy to generate those dollars back to the counties and put people back to work. **Representative Jaquet** commented that cutting a lot of timber would drive the price down, which is a fact that hasn't been addressed.

Senator Broadsword asked that the minutes of August 7, and August 8, 2007 be reviewed and approved. **Senator Stennett moved to approve the minutes of August 7, 2007. Pro Tem Geddes seconded. Senator Stennett moved to approve the minutes of August 8, 2007. Pro Tem Geddes seconded.** The minutes of both the August 7 and the August 8 meetings were approved.

Senator Broadsword opened the meeting up to a round table discussion and invited the members and others present to share their comments and/or ideas.

Pro Tem Geddes said that it appeared from the information from presenters and discussions from these meetings that it was evident that there is not enough timber being harvested. He commented that we cannot expect to support our infrastructure by waiting for an appropriation from Washington, D.C. when our resources are being destroyed by fire. He believes we need to change the current policy and harvest the right amount of timber to protect the resource, the tax base and the infrastructure. Regarding woody biomass, the supply is there, but the availability to get that material is the concern. The redundancy in the system in order to guarantee that heat will be provided if the supply isn't there is a matter of concern.

Representative Jaquet suggested: providing for a staff individual who would work with the counties in putting together collaborative efforts in fire planning; creating a resolution to present to our Congressional Delegation suggesting that an increase in line-item grant money be allocated to fund programs such as that at Parma Post and Pole; influencing Washington to study the cost/benefit of fire costs versus fuel reduction and timber cut through stewardship contracting; and considering a 10 MW portable biomass generating facility. **Representative Jaquet** noted that the Interim Committee had not addressed the reduction of average daily attendance in the rural schools.

Representative Sayler suggested two basic areas to consider: a global change of federal policy for forest management; and the development of a statewide coalition of interested parties, similar to the Farm, Ranch and Forest Conservation Easement Model, to work together with environmental groups and others. Other suggestions were utilizing woody biomass by developing the incentives and market structure, and using stewardship contracts. He stated that a memorial to Congress is in order and suggested working with the tribes on developing projects under the guidelines of the Tribal Forest Protection Act.

Senator Stennett suggested that the value of the supply is the critical issue which needs to be addressed by increasing demand. He believes that an effort needs to be made toward creating a renewable energy source portfolio and engage Idaho Power, Pacific Corporation and Utah Power and Light in helping to figure out ways to incentivise people that want to generate electricity and heat. He commented that the ethanol focus should shift away from feed stocks. He also recommended staffing a biomass coordinator.

Representative Roberts commented that he thinks creating a specific type of endowment on a national level would put dollars back to the counties and schools with the remainder of the endowment being used to promote national education issues. He would like data on the downwind health risk from forest fire smoke. The cost/benefit on suppression versus prevention of forest fires needs to be addressed. A part of that analysis is the dead animals that are left in the forests as a result of the fires. With regard to biomass, there is a need to prioritize.

Senator Broadsword said that she would like to see a framework be put into place to promote the development of a woody biomass company, including incentives. She supports the idea of having a coordinator, located in the Governor's Office and answerable to the Governor and Legislature, to assist the communities statewide in the development and use of biomass. According to **Senator Broadsword**, the Interim Committee needs to get its ideas prioritized.

Jon Cantamessa suggested that the Idaho Forest Practices Act could be amended to provide incentives. He suggested that incentives could be developed to encourage the removal of slash materials left over from thinning or logging.

Sharon Burke, Association of Counties, stressed the importance of the ramifications of the loss of Craig-Wyden money and the economic impact on the counties if that money is eliminated.

Commissioner Brown said that one of the problems of biomass is the fuel cost of removing the materials out of the woods and getting them to the market. He commented that there is plenty of biomass supply and encouraged a move away from government subsidies toward more active forest management through long-term stewardship contracting that would justify capitalization.

Pete Johnston said that because of the limited amount of hydropower, the Governor's moratorium on coal-fired electrical generation plants, and the time lag in adding more nuclear power plants, renewables, such as wind, solar, geothermal and biomass, make sense. He suggested that the Interim Committee review the pricing standards that are applied by the PUC and how they affect a community's ability to get into the co-generation business, as part of the answer to the Craig-Wyden issue. **Mr. Johnston** stated that the cost of installing biomass burners in schools can be three to four times higher than any other energy source. He suggested that the state create a revolving loan fund that would allow schools to borrow, on an interest-free basis, the initial capital investment costs to install a biomass burner in either a new or an old school, which would be paid back by the cost savings generated by using biofuel. The cost savings from the burner in the Council school has been estimated at a savings of 75% in the cost over fuel oil per year. On this basis, the loan could be paid back in 15 years or less, depending on the size of the school system. According to **Mr. Johnston**, the USFS and IDL need to collaborate in reaching agreements on priorities. **Mr. Johnston**, responding to **Senator Stennett**, said that the PURPA contract price for small co-generation projects is not enough to keep them in business.

Dr. O'Laughlin, responding to the suggestion by **Senator Broadsword** regarding a framework companies could use to consider biomass possibilities, said that he is working on such a template. Responding to **Representative Robert's** concern about smoke pollutants, he said that he would provide those facts and figures, including formaldehyde, arsenic and mercury, as well as particulates.

Representative Jaquet commented that this is also part of a cost/benefit analysis. **Dr. O'Laughlin** believes active management of the national forest needs to be undertaken to increase timber removal. This can be addressed through a reassessment of what kind of material should be removed from the forest to create the desired forest conditions. He added that all of the national forest plans need to be amended to reflect that assessment.

Dr. O'Laughlin referred to the quantity of timber harvest that would be required under the 25% receipts program in order to match the Craig-Wyden payments. A graph of the various values of timber harvest yield since the 1990's revealed that currently the timber program for all of the national forests in the state are about 266 million board feet annually. Between 2001 and 2006, the Forest Service harvest averaged 125 million board feet; averaging \$120 per thousand board feet in revenue. On this basis, it would take over 800 million board feet per year to match the Craig-Wyden payments. If the values from 1993 through 2000 at \$210 per thousand board feet were used, it would take 465 million board feet harvested per year for the 25% receipts payment to match the Craig-Wyden payments. He agreed with the

recommendation that a state coordinator be appointed to work in collaboration with all of the stakeholders on the management of the national forests.

Ms. Wittmeyer said that stumpage prices are historically high. High stumpage prices in the global market put the mills in a very tough price/cost squeeze. Because of the changes in the National Forest Policy, there are fewer mills, although the same amount of lumber is being produced through mechanization. She agrees that active forest management is critical to the health of the business sector of the IFA. She said that the forest products industry has led the way in the use of small diameter wood and woody biomass which has incentivized the removal of small lumber out of the woods. In response to **Representative Roberts**, **Ms. Wittmeyer** replied that the small lumber co-generation plant is still able to make a small profit despite the change in the PURPA price authorized by the IPUC. She continued by stating that active forest management has many benefits. The IDL has been very flexible in working on ways to help create the incentive for removal of small diameter wood, such as chipping slash for paper production. The IFA encourages such incentivization if there is a market, but discourages making slash removal a requirement since it would only result in reducing the sale price on public lands, thus reducing the return on state endowment lands, and shifting the cost to the landowners of private lands. Removal must be profitable. She noted that Oregon has created a woody biomass market through the adoption of the 20/25 initiative. **Ms. Wittmeyer** suggested that a state coordinator be located in the Governor's Office.

Roger Sieber, of the Western Legislation Forestry Task Force, offered to circulate any resolution adopted by the Interim Committee to the organization's membership. **Representative Roberts** asked how could the ideas being discussed by the Interim Committee be communicated more broadly. **Mr. Sieber** suggested that talking to congressional delegations and using such organizations as the NCSL might be tactics. By way of example, **Mr. Sieber** explained that a few years ago, the Task Force contacted the lawmakers in the eastern and southeastern states in order to explain a western issue when faced with opposition by environmental groups.

Mr. Smith explained that the Forest Products Lab is a research facility of the USFS that develops products that are spun out to industry, for example, plywood. The Forest Products Lab has a competitive grant program used to fund projects like the one in Parma. When talking about commercial saw log material, he agrees that supply is the issue and increasing supply would be, in the short-run, the best way to increase 25% receipt revenue. However, he said that supply is not the issue when talking about small diameter wood where economics is the issue. He stated that collaboration is a tool that works very well; however, there is a limit when those groups that have the financial and legal resources are opposed to any kind of active forest management.

Morris Huffman stated that a combination of suggestions is necessary to address how to continue to expand the use of woody biomass.

Mr. Brunelle provided for the committee a list of grants that have been awarded to Idaho companies. A copy is available in the Legislative Services Office.

Mr. Thompson explained that biomass comes from the top of the saw log trees and the unmerchantable smaller diameter trees that do not make saw logs. He said that when the stands are thinned, merchantable timber is removed. It costs \$500 an acre to grapple pile the submerchantable materials. Burning this

material is not going to be a viable option in the near future. He suggested hauling this material to the landing and processing it into log length. Part of this cost may be recouped from the brush removal cost and the saving of the grappling cost.

Mr. Kanen commented that urban areas dominate the national legislative agenda. He suggested using such programs such as the Conservation Education Project Learning Tree to provide the educational materials for the voters of tomorrow.

Senator Broadsword encouraged the Interim Committee members to submit their action suggestions for the next meeting by email.

The meeting was adjourned at 3:01 p.m.